

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 707 – HB 978

March 6, 2017

SUMMARY OF ORIGINAL BILL: Requires a municipality within Davidson County to transmit a description of all property within an area subject to an economic development plan to the assessor of property and each taxing agency affected within 30 days of passage of the resolution approving the plan.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004038): Deletes all language after the enacting clause. Authorizes any and all parcels of property located on a remediation site within the City of Oak Ridge to be transferred to the industrial development board. Authorizes the industrial development board to sell, lease, dispose of, or contract for the operation of the property in furtherance of the public purpose of promoting economic development.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease Local Revenue - \$134,000

Other Fiscal Impact - Due to multiple unknown variables, a precise increase to local government revenue pursuant to future economic development of the applicable parcel cannot reasonably be determined.

Assumptions for the bill as amended:

- The proposed amendatory language stipulates that the remediation site is 1,300 acres of land, within Oak Ridge, currently held by the United State Department of Energy (USDOE) which is to be conveyed to a nonprofit entity.
- According to the City of Oak Ridge, the USDOE currently pays \$69,337 in Payment In Lieu of Taxes (P.I.L.O.T.) to the city annually for the remediation site.
- According to Roane County, the USDOE currently pays \$64,659 in P.I.L.O.T to the county annually for the remediation site.

- Pursuant to Tenn. Code Ann. § 7-53-305, industrial development corporations and the properties owned by it are exempt from taxation.
- If the remediation site is transferred from the USDOE to the nonprofit entity which then transfers the site to the industrial development board, local governments will no longer receive P.I.L.O.T. payments which would have otherwise been paid; therefore such transfer to the industrial development board will result in a recurring decrease in local government revenue of \$133,996 (\$69,337 + \$64,659).
- In the event the industrial development board and the nonprofit entity to which the land was conveyed recruit economic development to the land, it would result in an increase in local government revenue from property taxes assessed.
- Due to multiple unknown factors such as when businesses or individuals would purchase the land, the purpose for which the land will be utilized by such individuals or businesses, when such parcels would be assessed for property taxes, the rate at which they would be assessed, and the extent of any improvements on the land which would be assessed, a precise increase in local government revenue cannot be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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